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Farm Outlook

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FARM OUTLOOK

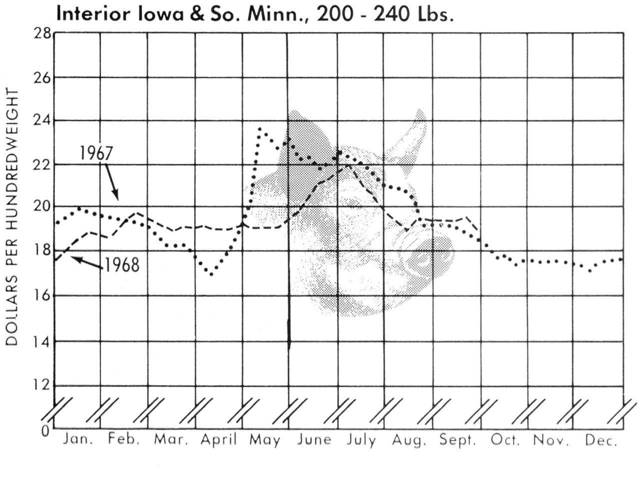
HOGS . . .

Hog prices are expected to remain at profitable levels during the first three quarters of 1969. However, profit margins may be smaller than in 1968 and could be quite small by the last quarter of 1969.

Hog marketings during the remainder of 1968 are expected to be close to a year earlier. Volume will be seasonally large during this period, however, and prices probably will decline. In Iowa prices for U.S. No. 2-4 200 to 230-lb. barrows and gilts probably will drop to around $17 by early November.

Hog marketings next winter and spring are expected to be somewhat larger than the previous year. The June-August pig crop in 10 Corn Belt states was estimated to be 5 percent above a year earlier. And farrowing plans for the September-November and December-February quarters are estimated to be up 4 percent from last year. If actual farrowings are as expected, hog marketings next winter and spring will be 4 to 5 percent greater than in the same period this year. Prices during the January-March quarter are expected to be about $1 below the 1968 level—when Interior Iowa prices for 200 to 230-lb. barrows and gilts averaged about $18.70 per cwt.

Weekly Average Price of Barrows and Gilts, Interior Iowa & So. Minn., 200 - 240 Lbs.



April-June prices are expected to be 50 to 75 cents below last year's average of $19.35 on the Interior market.

Hog supplies and prices during the last half of 1969 will depend largely upon the size of the 1969 spring pig crop (December 1968-May 1969 farrowings). A moderate increase in farrowings is expected—in response to favorable returns the past spring and summer and to large supplies and low prices on corn. An increase of 4 to 5 percent or more appears likely at this time.

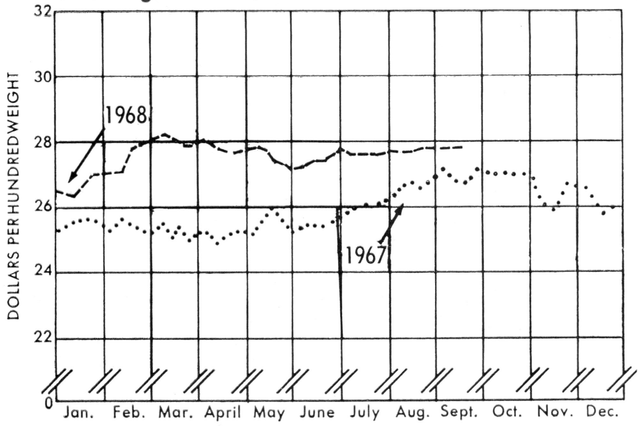
If spring farrowings increase by around 5 percent, hog prices in Iowa during the final quarter of 1969 will probably drop to around $15 to $16.

CATTLE . . .

Fed cattle marketings during the last quarter of 1968 and the first quarter of 1969 are expected to continue above the previous year—probably by 3 to 5 percent. There was a larger number of lightweight cattle on feed July 1, plus increased movement into feedlots during the past summer. (The October cattle on feed estimate, released Oct. 17 but not available at this writing, provides a later indication of future marketings.) Slaughter of cows and other non-fed cattle will be seasonally large this fall, but is expected to be close to a year earlier.

A moderate decline in fed cattle prices appears likely this fall. Demand for beef may show a smaller gain in the next few months than during the first three quarters of 1968. The growth in general economic activity is expected to be slower. And competition from pork and broilers may be stronger. By mid-November, Choice steer prices at western Corn Belt markets are expected to range between $25.50 and $27. Prices are expected to weaken a little further during the January-March quarter and average $1 to $2 below the same months of 1968.

Weekly Average Prices of Choice Slaughter Steers at Chicago - 900 - 1,100 Lbs.



Fed cattle marketings during the April-December period of next year will depend greatly upon the number of cattle moving to feedlots this fall and winter. Potential supplies of yearling feeders this fall appeared slightly smaller than last year. The 1968 beef calf crop, however, was about 2 percent larger than a year earlier. So this should provide a somewhat larger supply of calves for movement to feedlots in late fall and early winter. If placements follow this pattern, fed cattle supplies next spring and summer may be near 1968 levels. Some price strength is likely during the late spring and summer—with Choice steers averaging about the same as in 1968.

SOYBEANS . . .

The October soybean production estimate dropped about 14 million bushels from a month earlier. Total production was placed at 1,066 million bushels—10 percent more than in 1967. Iowa's crop was estimated at a record 171.6 million bushels, up nearly 18 percent from last year.

Soybean production appears almost certain to be well above requirements for the coming year. Competing supplies of cottonseed oil and meal will be up sharply, due to an expected 49 percent increase in the 1968 cotton crop. And world fat and oil supplies appear likely to remain relatively large. Consequently, only a slight increase in soybean demand is expected for the 1968-69 marketing year.

Carryover stocks on Sept. 1, 1969 may total 300 million bushels or more. This would compare with 36 million bushels in 1965, 90 million last year and 167 million bushels this year.

New crop soybean prices in central Iowa during early October were around \$2.28 to \$2.32 per bushel. Prices appear likely to remain near this level until harvest is completed. However, movement under loan is expected to be heavy. And this should bring prices up to, or slightly above the loan rate later in the year.

CORN . . .

USDA's October crop report placed 1968 corn production at 4,587 million bushels—3 percent less than in 1967. Yield prospects deteriorated slightly during September in Illinois, Ohio, Nebraska and some southern states. Nationally, the October production estimate was 49 million bushels lower than a month ago. However, the Iowa estimate remains unchanged at 925.2 million bushels—down one-half percent from last year.

The grain sorghum estimate also was lowered slightly from a month earlier. Total feed grain production, based on Oct. 1 conditions, was estimated at 175.3 million tons, or about the same as in 1967.

If actual production is about in line with October indications, a modest increase in the 1969 corn carryover would be likely. This would probably bring carryover stocks up to about the 1963 level, but would leave them considerably below the peak reached in 1961.

New crop prices in Central Iowa during early October were about 86 to 89 cents per bushel. With present supply prospects and a possible shortage of storage and handling facilities in some areas, prices appear likely to remain steady to slightly weaker through harvest. However, more corn should be eligible for loan than in 1967, and heavy movement under price support appears likely. This should bring prices a few cents above the loan rate later in the year. Central Iowa prices during late spring and early summer should be around \$1.03 to \$1.08 per bushel.

—Gene Futrell and Robert N. Wisner